

ARTICLE APPEARED
ON PAGE A-1

WILMINGTON SUNDAY NEWS JOURNAL (DE)
15 NOVEMBER 1981

Libyans gave Billy extra loan

By JOE TRENTO

Staff reporter

Copyright 1981, The News-Journal Co.

WASHINGTON — Federal prosecutors ignored information that Billy Carter may have received \$420,000, not \$220,000, from the Libyan government and failed to investigate reports that he had discussed a machine-gun deal with renegade CIA agent Frank Terpil.

Carter visited Libya twice — in 1978 and 1979 — and publicly advocated Libyan and Arab causes while his older brother, Jimmy, was president. While looking into whether Billy Carter's involvement with Libya constituted acting as an agent for a foreign government, federal investigators determined that the Libyans had "loaned" Billy Carter \$200,000 and given him \$20,000 more to cover expenses related to a visit made by a Libyan delegation to the United States. The so-called loans later became a media field-day and brought embarrassment to the Carter White House.

But there are fresh reports that Billy Carter got much more from the Libyans. The Sunday News Journal was told last week that the National Security Agency knew in May 1980 that Carter had received an additional \$200,000 from the Libyan government, but that proof of that payment was withheld from investigators on the grounds of national security.

Carter was under investigation for failure to register as a Libyan agent amid allegations that he had attempted to influence the Carter administration to lift a ban against

selling transport aircraft and other military hardware to Libya. (It is illegal to lobby for a foreign power without registering with the Department of Justice.)

The investigation, by the Senate and the Justice Department, ended last year. The ban on military exports to Libya was never lifted, and Carter by that time had agreed to register as a foreign agent, maintaining all along that the money from Libya was a loan.

The information that Carter was also involved with Terpil came last week from Justice Department documents. The department did nothing to determine the extent of Carter's dealings with Terpil, and prosecutors in the Terpil case say that his link with Carter was never adequately explored.

Carter met Terpil at a dinner — and was photographed with him watching a parade — on his second visit to Libya in 1979. A few months later, in January 1980, Carter told a Justice Department official and an FBI agent that Terpil had recently contacted him about getting lots of machine guns for Libya.

The Justice Department official, Joel Lisker, was interviewing Carter as part of the investigation of Carter's failure to register as a Libyan agent.

Lisker, now chief counsel for the Senate subcommittee on internal security and terrorism, said he was "very much aware" of the investigation into Terpil and another CIA renegade agent, Edwin P. Wilson, and believed that the Carter's statement was important enough to call him back to for more details.

But Lisker said that when he did call back, Carter denied making his earlier statements about Terpil.

Lisker sent the reports to Assistant U.S. Attorney E. Lawrence Barcella Jr., the key prosecutor looking into the activities of Wilson and Terpil, activities that include gun-running and training and recruiting terrorists for Libya.

Barcella says he didn't follow up on the memos because he thought that it was Lisker's responsibility.

Lisker said "it is standard proce-

sure to refer information like this to the prosecutors working the case and that is what we did."

Details of Lisker's meeting with Carter and Carter's statements about Terpil are part of a report filed by FBI Agent Richard Fugate and Lisker obtained by the Sunday News Journal.

Carter, reached late last week in California, confirmed that he had met Terpil in Libya, but vehemently denied ever telling Lisker anything about machine guns.

Using expletives, Carter called Lisker, now a lawyer for a Senate committee, "probably... one of the biggest liars I have ever met in my life. That memo was written 14 or 15 days after he questioned me."

*New findings reveal
that probers over-
looked new loan and
Carter's talks with
CIA renegade Terpil*

taking no notes. That document that Lisker wrote is probably the biggest bunch of s— ever printed by a government official."

Carter said his lawyer had instructed him not to say anything about the gifts or loans he got from Libya.

Through reliable sources at the highest level of the U.S. intelligence community, the Sunday News Journal has learned that the National Security Agency, while monitoring communications involving Terpil and Wilson, found out about the second \$200,000 check Carter had received from the Libyans, a check written on a London bank.

Lisker said that he, too, had heard about the second check but that this and other details of the Carter case were kept from investigators because the CIA and the National Security Agency claimed it could compromise intelligence sources.

The Sunday News Journal has learned that Bobby Ray Inman, then head of the National Security

CONTINUED

Agency, told Attorney General Benjamin R. Civiletti about the check, but warned him that the material could not be used because it would betray intelligence sources.

According to sources close to the probe, Civiletti returned the documents to Inman. These same sources say that the Justice Department was told in a report from the CIA chief of station attached to the U.S. Embassy in Tripoli that Terpil was bragging to associates about his friendship with Carter, and showing off an autographed picture inscribed: "To Frank, Best regards, Billy."

Barcella, the prosecutor in the Wilson case, said that he had not followed up on the Terpil meeting and had not questioned Carter about it because "Lisker was supposed to be working on it."

Lisker described how Terpil came up in the January 1980 interview: "We were talking about the Terpil case on our way down to see Billy."

"In an effort to try to break the ice with Carter, I started to talk about hunting and guns and things because my experience is that people from that area have an interest in hunting. This lasted only a few minutes, at which point he said, and this was in the presence of an FBI agent, 'You should have been here a week ago, because there was a guy who had some machine guns.' I explained to Billy this is something you don't ever want to touch. Then I said 'Who was it?' — he had sort of piqued my curiosity."

"He said, 'Ah, I can't remember his name, it's this guy who just got in trouble in New York.' And Dick Fugate and I looked at each other because we were talking about Terpil on the way down in the car. I said, 'Do you mean Frank Terpil?' and he said 'Yeah, that's the guy.'"

"He said, 'Yeah, they were going to put a picture of him and me in the Washington Post,' and then he mentioned some guy at the White House who called a guy at the Post and had the picture printed with only Terpil in it," Barcella concluded.

Carter confirmed that he had given Terpil an autographed picture after the two had spent "four or

five hours at a parade and then we ate dinner together in Tripoli."

Barcella said, "Lisker was following it up to try and determine why Billy reneged on the statement later on, Lisker and his people were trying to follow up on it. I can't remember what Lisker did about it."

Wilson and Terpil — if captured — face trial in the United States for a conspiracy to hire Cuban hit men to kill an opponent of Libya's dictator, Col. Moammar Khadafy.

Terpil was convicted in absentia and given a 50-year sentence in New York last year on charges connected with gun-running.

Terpil and another associate disappeared from Terpil's Beirut restaurant last week. His wife said he was abducted by three men just hours after the CBS program "60 Minutes" carried an interview with him in which he claimed that CIA officials are selling classified information to foreign governments.